

## Message Text

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ACTION ARA-14

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TO SECSTATE WASHDC 1667  
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C O N F I D E N T I A L HAVANA 1004

EO 11652: GDS  
TAGS: ENRG UR CU  
SUBJ: CUBANS AND SOVIETS GIVE DIFFERENT VERSIONS OF CUBAN  
PETROLEUM REFINERY DEVELOPMENT PLANS

REF: A. USDOC 4791; B. HAVANA 506; C. HAVANA 656

1. USINT OFFICER, APRIL 10, CALLED ON ARSENIO J.  
ALEMAN AGUSTI, ACTING DIRECTOR OF ECIQUIM, ENTERPRISE OF  
STATE COMMITTEE ON ECONOMIC COLLABORATION CHARGED WITH  
PURCHASE OF COMPLETE PLANTS IN PETROLEUM AND NON-METAL MINING  
SECTORS, FOR GENERAL DISCUSSION OF CUBAN PETROLEUM  
REFINERY DEVELOPMENT PLANS. SAME SUBJECT WAS COVERED WITH  
ACTING SOVIET TRADE REPRESENTATIVE BOROVLEV, APRIL 17.  
INTERESTING CONTRAST OF VIEWS EMERGED.

2. CURRENT REFINERY CAPACITY. ALEMAN REFUSED TO BE DRAWN  
OUT ON CURRENT CAPACITY OF EXISTING THREE REFINERIES. HE  
SAID, HOWEVER, THAT, WITH ADDITIONAL CAPACITY OF PROJECTED  
CIENFUEGOS REFINERY, CUBANS WOULD HAVE ABILITY TO REFINER  
19 MILLION TONS OF CRUDE IN 1985. (COMMENT: SAME  
1985 FIGURE WAS SUPPLIED BY MINISTRY OF CHEMICAL  
INDUSTRY -- SEE REF B). BOROVLEV, HOWEVER, SAID THAT  
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CUBANS IN 1978 WILL ONLY IMPORT ABOUT 6.5 MILLION TONS  
OF CRUDE FROM USSR--AN AMOUNT WHICH, THOUGHT, WOULD  
SATURATE CURRENT CUBAN REFINERY CAPACITY. COMMENT:  
CUBAMETALES PRESIDENT ARRANZ INDICATED LAST SUMMER --SE 77  
HAVANA 215-- THAT CURRENT REFINERIES ARE OPERATING BELOW  
THEIR CAPACITY.) REMAINING 3 MILLION TONS OF 1978  
PETROLEUM-RELATED IMPORTS WOULD CONSIST OF SOVIET REFINED

PRODUCTS SUCH AS AVIATION FUEL, GASOLINE, AND FUEL OILS OF VARIOUS TYPES, BOROVLEV SAID.

3. EXPANSION OF CURRENT REFINERY CAPACITY. ALEMAN SAID THAT HE DOES NOT THINK THAT THREE EXISTING CUBAN REFINERIES WILL BE EXPANDED OR MODERNIZED ANY FURTHER IN CURRENT 1976-1980 FIVE YEAR PLAN.

4. CAPACITY OF NEW CIENFUEGOS REFINERY. ALEMAN SAID THAT FIRST PHASE OF PROJECTED SOVIET-BUILT CIENFUEGOS REFINERY WOULD HAVE CAPACITY OF SIX MILLION TONS. HE SAID THAT A SECOND PHASE OF UNDEFINED DIMENSIONS IS ALSO BEING CONTEMPLATED FOR PRE-1985 PERIOD. BOROVLEV, ON OTHER HAND, SAID THAT FIRST PHASE OF CIENFUEGOS REFINERY WOULD ONLY HAVE THREE MILLION TON CAPACITY. (COMMENT: PART OF DISCREPANCY MAY BE DUE TO FACT THAT, ACCORDING TO ALEMAN, DETAILS OF FIRST PHASE OF CIENFUEGOS REFINERY WILL NOT BE AGREED UPON WITH SOVIETS UNTIL 1979. CUBAN MINISTR OF CHEMICAL INDUSTRY ESQUIVEL HAS STATED PUBLICLY THAT THE CIENFUEGOS REFINERY WILL HAVE A SIX MILLION TON CAPACITY--BUT HE HAS NOT, TO OUR KNOWLEDGE, SPELLED OUT PHASING.) BOROVLEV ADDED THAT PHILOSOPHY BEHIND CIENFUEGOS REFINERY IS THAT CUBANS SHOULD HAVE CAPACITY TO OBTAIN REFINED PRODUCTS AT LOWERED COST--THAT IS, CIENFUEGOS OUTPUT WOULD SUBSTITUTE FOR CURRENT AND FUTURE EXPANDED NEEDS FOR SOVIET SHIPMENTS OF REFINED PRODUCTS. BOROVLEV ADDED, HOWEVER, THAT GREATEST

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PART OF EXPANDED CUBAN ENERGY REQUIREMENTS SHOULD BE BORNE BY NUCLEAR POWER STATIONS, SUCH AS ONE PLANNED FOR CIENFUEGOS. BOROVLEV, CITING RECENT PRICE RISE OF SOVIET GASOLINE, SAID THAT MOSCOW HAS COME TO CONCLUSION THAT "PETROLEUM IS NOT WATER". ALEMAN, ON OTHER HAND, SAID THAT CIENFUEGOS OUTPUT IS MEANT NOT ONLY TO SUBSTITUTE FOR REFINED PRODUCT IMPORTS, BUT ALSO TO COPE WITH GROWING FUEL AND PETROLEUM BYPRODUCT NEEDS NOT ONLY IN ELECTRICAL GENERATING, CONSTRUCTION MATERIALS, AND AMMONIA/UREA FIELDS, BUT ALSO IN POTENTIAL PETROCHEMICAL SECTOR WHOSE DEVELOPMENT DIRECTIONS ARE CURRENTLY UNDER STUDY. ALEMAN ALLOWED THAT GAP MIGHT EMERGE IN MID-1980'S, DUE TO LAGS IN CUBAN CONSTRUCTION OF END-USER PLANTS, BETWEEN CUBAN REFINING CAPACITY AND PRODUCTIVE USE OF THIS OUTPUT. THIS MAY OPEN UP EXPORT POSSIBILITIES FOR CUBAN REFINED PRODUCTS, HE SAID.

5. COMMENT: IF WE ARE TO TAKE ALEMAN AND BOROVLEV COMMENTS AS OFFICIAL, AN INTRIGUING DIFFERENCE OF EMPHASIS APPEARS TO EXIST BETWEEN CUBAN DESIRE TO ACQUIRE 19 MILLION TON REFINING CAPACITY TO HANDLE BULK OF ENERGY NEEDS, TO DIVERSIFY INDUSTRIAL STRUCTURE, TO EXPAND FERTILIZER PRODUCTION, AND TO PROVIDE EXPORT OPPORTUNITIES, AND SEEMING SOVIET INCLINATION TO FOCUS ON MORE MINIMALIST STRATEGY. THIS

DIFFERENCE OF APPROACH MAY ACCOUNT FOR FACT THAT SOVIETS THEMSELVES HAVE SPOKEN TO US OF POST - 1980 CUBAN OIL IMPORTS OF "MORE THAN TEN MILLION TONS" --SEE 77 HAVANA 871, WHILE CUBANS USE NINETEEN MILLION TON FIGURE.

6. SOVIET COMMITMENTS FOR POST-1980 OIL SUPPLY.

UNLIKE CUBAN MINISTRY OF CHEMICAL INDUSTRY (REFTEL B) WHICH SUGGESTED THAT SOVIETS HAVE ACQUIESCED IN NINETEEN MILLION TON ANNUAL SOVIET PETROLEUM DELIVERIES BY 1985, BOROVLEV SAID THAT HE KNOWS THAT GOSPLAN HAS NOT EXTENDED FIRM PETROLEUM DELIVERY COMMITMENTS FOR 1981-86 FIVE YEAR PLAN PERIOD. (COMMENT: PRESENCE OF GOSPLAN VICE-CHAIRMAN INOZEMTSEV NOW IN CUBA STRENGTHENS CREDIBILITY OF BOROVLEV'S ASSERTION).  
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## Message Attributes

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